1:Stanford U. S-4, 5 1956 AF12 North China AF12

Annex "A," Subparagraph 3i,
Economic Background

FOREIGN TRADE AND EXCHANGE

•439 ### Geographical and Historical Background of the North China Ports

The only foreign trade ports of North China are Chinwangtao and Tientsin, both situated on the coast of Hopei Province on the Gulf of Chihli. Shansi, the only other province of the former North China Region, has no direct outlet to the sea and has never played any significant role in the foreign trade of China. Although there are now two principal customs establishments in North China -- Peking and Tientsin -- Peking is not a direct port of entry for foreign commerce.[1] The Tientsin customs office, on the other hand, has jurisdiction over two sub-offices located at Chinwangtao and Tangku the latter being the outer harbor of Tientsin itself. Of the two ports, Tientsin (or Tangku) is more important than Chinwangtao, which is primarily an outlet for coal shipments from Kailan and, economically, is more closely related to southern Manchuria than to North China. However, Chinwangtao harbor is open all year round and thus has an advantage over Tientsin, where the Hai River, leading from Tangku to the

1. Lun-hsien-hou Ti Ta-lu [Mainland under Occupation], Taipei, Chung-hua wen-hua ch'u-pan shih-yeh wei-yüan-hui, 1953, pp. 140-41.

1:Stanford U. S-4 5 1956 AF12 North China AF12

439 city of Tientsin, is sometimes frozen during the winter months.

As one of the major treaty ports and manufacturing centers, Tientsin's relative importance in Chinese foreign trade is easily understandable. However, until the establishment of the Communist regime, foreign trade returns from Tientsin and Chinwangtao suggest a relative decline of these ports or, at best, stagnation. For instance, slightly over 9 per cent of Chinese imports,[2] excluding those of Manchuria, were accounted for by Tientsin and Chinwangtao together in 1931; the total was 8 per cent in 1936 and only 3.4 per cent in 1946. In exports,[3] on the other hand, the relative share of Tientsin and Chinwangtao stood at 15.9 per cent in 1931, 17.6 per cent in 1936, and only 11.5 per cent in 1946. The decline of these two northern ports in China's import trade in relation to other areas before the war with Japan was unquestionably a reflection of the primary emphasis given by the Nationalist Government to the development of the economy south of the Yellow River, since political control in the northern cities was endangered by Japanese expansion. The even greater drop in the

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2. Chinese Maritime Customs, Statistical Series, Trade of China 1936 and 1946, and Tsai Chien and Cheng Yu-kwei, Statistics of Foreign Trade of Different Chinese Ports with Various Countries (1919, 1927-1931), Shanghai, the Commercial Press, pp. 23, 47.

3. Ibid.

• 439 relative position of these ports in both imports and exports after World War II was the direct result of the civil war and galloping inflation. Both developments resulted in a contraction of export supplies and the concentration of China's imports in Shanghai and and south China. As well, during this period Chinwangtao was a port for military supplies shipped to support Nationalist troops in Manchuria.

Increasing Importance of Tientsin

With the establishment of the Communist regime, the center of gravity of Chinese economic life has shifted northward. The importance of North China in foreign trade has accordingly been greatly enhanced. This development may be divided into two distinct periods, marked by the completion of the first phase of construction work on the new Tangku harbor in October 1952.[4]

Tientsin fell into the Communists' hands in November 1948, shortly after the Nationalist evacuation of Manchuria, Shanghai fell in May, 1949, and south China was occupied by the Communist army at the end of 1949. The North China ports were outside the network of the Nationalist blockade which for a time effectively prevented the Communists from using the

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4. See Lin Li, Wo-men Ti T'ang-ku Hsin-kang [Our New Tangku Harbor] , Peking, 1954.

439 port of Shanghai. Accordingly, the volume of foreign trade through Tientsin became very important in Communist China's total foreign trade during the initial period of Communist rule. Although direct shipping from Hong Kong and foreign ports was subject to disruption by Nationalist warships patrolling the eastern and southeastern waters, some blockade runners nevertheless succeeded in reaching Tientsin. At the same time, ships from Hong Kong carrying cargo for Tientsin often took a roundabout route by sailing to Inchon in Korea where transshipments were made.[5] Thus, in the period between March and December, 1949, exports from Tientsin amounted to US$53.9 million and imports were estimated at US $ 51.4 million.[6] Since both imports and exports increased[7] month by month during 1949, the annual figures obtained by the inclusion of the figures for the first quarter would not be proportionately greater than the figures for the nine-month period. However, even on the basis of the nine-month date, Tientsin exports would be 38.7 per cent of China's total exports.[8]

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5. Far Eastern Economic Review, Hong Kong, July 14, 1949, p. 34.

6. Ching-chi Chou-pao [Economic Weekly] , Shanghai, Feb. 16, 1950, p. 13.

7. Chin-pu Jih-pao [Progress Daily] , Tientsin, Jan. 15, 1950.

8. Ching-chi Tao-pao [Economic Bulletin] , Hong Kong, July 24, 1951, pp. 2-3.

439 Significance of the New Tangku Harbor

439 504 The lifting of the Nationalist blockade, although incomplete, has removed an important cause contributing to the relative importance of Tientsin in China's foreign trade during the initial period of Communist rule. However, another factor has come into play and has more than compensated for the loss of the special advantage afforded by the port at Tientsin. This is the opening of the new Tangku harbor.

Work on the new harbor at Tangku was begun by the Japanese. Efforts were made by the Nationalists to continue construction at the close of World War II. Following the Communists' occupation of North China, construction work was resumed in August 1951. The original plan aimed at thecompletion of the first phase of construction by the end of 1952. According to a Communist report, the actual completion date was advanced to October 17, 1952.[9] The new harbor has a main navigation channel 15.2 kilometers (9.44 mi.) long, 60 meters (196.8 ft.) wide, and about 6.5 meters (21.32 ft.) in depth (10 meters at high tide). The Communist report says that 10,000-ton ocean-going ships can now be docked. Rail spurs at the harbor provide convenient connections with all the trunk lines in the Peking-Tientsin area, and connection with the five principal inland

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9. Lin Li, op. cit., pp. 4-5.

waterways of the Hopei[10] plain is possible through the Hai River.

The opening of the harbor at Tangku has resulted in a sharp drop in freight costs by eliminating the need for rail trans-shipment from Dairen, which, until 1953, served as a major port of entry for bulky industrial equipment destined for construction projects in North China. According to a Communist report,[11] total shipping volume in 1953 at Tientsin (including the old and new harbors at Tangku and the Tientsin harbor) reached 300 per cent of the corresponding volume in 1949; an additional increase of 50 per cent was recorded in the first nine months of 1954 in comparison with the corresponding period in 1953. Parallel to the increase in shipping in 1953, the value of both exports and imports at Tientsin has risen. Apparently the increase during 1953, the first year that the new harbor at Tangku was in actual use, was so rapid that, on a monthly basis, Tientsin was accounting for 60 per cent of the country's total imports and 40 per cent of its total exports.[12] This trend probably continued during the following year.

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10. Ibid.
11. Economic Bulletin, Dec. 31, 1954, p. 26.
12. Lin Li, op. cit. pp. 14-15.

1: Stanford U. S-4, 5 1956 AF12 North China AF12

439 By 1954, it was reported that Tientsin's total exports for the year were 9-10 times the value reported in 1949.[13] The same report also noted a further significant increase in exports from Tientsin in the first five months of 1955.

Tangku as a port of Entry for Imports

Although the increase in exports through Tientsin has been noteworthy since the opening of the new Tangku harbor, a far greater increase in imports was reported. It is possible to assert that the new harbor planned to facilitate the flow of imports and that the expansion of exports from Tientsin was more or less incidental. That this development reflects the intensive industrial development of North and Northwest China, which are both served by the port of Tientsin, in the first Five Year Plan, appears to be indisputable.

Composition of Foreign Trade

According to one Communist report,[14] 32.1 per cent of Tientsin's imports in 1949 consisted of metals and metal products. Other major

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13. China News Service, Tientsin, June 14, 1955.

14. Yang P'o, "Hsin Chung-kuo Ti Hai-kuan Cheng-ts'e Yü Tui-wai Mou-i Cheng-ts'e," ["Customs and Foreign Trade Policy of the New China"] Ching-chi Chuan-k'an Lun-wen Hsüan [Selected Economic Essays], Peking 1951.

439 import categories included chemicals, 20.8 per cent; textiles, 14.3 per cent; oils, fats and wax, 6.8 per cent; and food, beverages, and tobacco, 2.3 per cent. Another report for 1949 mentioned large imports through Tientsin of rubber products, paper, and gunny sacks.[15] Although recent, detailed information is lacking on the percentages of different imports through Tientsin, it may be assumed that there has been a drastic reduction in the import of textile products, in the import of foods and beverages, and possibly also in the import of newsprint. Such a shift would enable the port to handle a greater amount of capital equipment and producers' goods.

During 1949 the five most important exports from Tientsin were carpets, cotton piece goods, wool and woolen products, vegetable oils, and eggs and egg products.[16] Other traditional exports from Tientsin at this time consisted of straw braids and straw hats, salt, medicinal herbs, peppermint, hog bristles, kernels and nuts, intestines for sausage casings, vermicelli, etc. These commodities, which are for the most part derived from agricultural products and may have occasionally undergone some rudimentary manufacturing process, are often lumped together in Chinese parlance as "native and special products." During a foreign trade exhibition in

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15. Progress Daily, Jan. 15, 1955.
16. Ibid.

439 Tientsin in June 1955, it was officially asserted that there were over 400 such products on the export list.[17] At the same time it was stated that the export of industrial products from Tientsin in 1954 was approximately ten times the value exported in 1936.[18] While this ostensibly phenomenal increase must be discounted in view of the flexibility of the term "industrial products" and the small volume of those exports that could be regarded as falling within this category, it is nevertheless interesting to note that among the industrial exports from Tientsin were such items as glass, ephederine, sulphur black, copper sulphate, glycerine, and steel wire, in addition to the traditional cotton calico and woolen rugs. The initial result of industrial expansion in North China in recent years can be recognized. This expansion of industrial exports is all the more significant inasmuch as the export of such industrial raw materials as coal, an important export from North China in the past, may have to be drastically curtailed as a result of increasing domestic demand.

Foreign Trade Firms

As a result of trade expansion in North China during the initial period of the Communist regime, the number of foreign trade firms in Tientsin rose rapidly. According to one report, there

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17. China News Service, June 14, 1955.
18. Ibid.

•439 were, in 1949, 556 independent foreign trade firms in Tientsin, including both Chinese and foreign concerns, as well as 165 branch establishments of firms whose head offices were in East China.[19] The total number of firms was twice that of the pre-Communist period. At this time, less than one-third of Tientsin's foreign trade was handled by government trading agencies.[20] However, with the expansion of state trading, the private trader has virtually disappeared.

Foreign Exchange Control

In the field of foreign exchange, government control was introduced early in the Communist period. The present system follows the general pattern of the national control. The same is true with respect to the control of gold and silver. Black-market transactions involving People's currency remittances to and from Hong Kong have not been reported for some time. However, this situation probably reflects the lack of overseas Chinese remittances to Tientsin and is not necessarily an indication of more effective control at Tientsin in comparison with other trade ports.

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19. Far Eastern Economic Review, Hong Kong, April 19, 1951 pp. 483-84.

20. Economic Bulletin, July 24, 1951, pp. 2-3.

2: Gamble S-5 (1926-1933)1954 .AF12 North China AF12

Several different kinds of cloth were woven in Ting Hsien but two, "big" cloth for local use and "chuang" cloth for export from the hsien, accounted for most of the output. Size of the piece was the principal difference between the two types of cloth. Both were white, both were woven with Tientsin machine spun warp and locally spun woof. There was some variation in the size of the pieces but the big cloth was generally 42 feet long and from 1′2″ to 1′3″ in width. The export cloth was about 36 feet in length and 1′2″ in width.

Other types of cloth were rough big, smooth big, and striped. Both the warp and woof of the rough big cloth were hand spun thread. For the smooth cloth they were both machine spun. A piece of rough cloth was usually 46′ x 1′4″, the smooth cloth 34′ x 1′1″. The striped cloth, striped blue and white, blue and yellow, or yellow and white, was usually 40′ x 1′2″. The yellow thread was spun from yellow cotton. The blue was locally dyed.

Prices varied from market to market but the average price per piece in 1931 was big cloth $1.80, export cloth $1.20, and striped cloth $2.30. The weaver's profit was estimated at 30 cents per piece for the big cloth and 20 cents per piece for the export cloth. Families who had big cloth woven for them supplied the thread and paid the weaver 30 cents per piece.

Big cloth was woven in 378 villages, export cloth in 203. Over 1,000,000 pieces of export cloth and 606,000 pieces of big cloth were produced in 1931. All of the export cloth was sold to the cloth stores and shipped out of Ting Hsien. Figures from the 3rd and 6th Districts indicate that about 23 per cent of the big cloth was used by the weaving families, the rest sold. Cotton cloth was a large cash item for the village families.

It was reported that there was a big decrease in spinning and weaving during the 1st month of the New Year, both because it was vacation and holiday time and because an old custom, followed in some villages, forbade the farmers' daughters to use needle and thread during the 1st moon.

Other materials woven from cotton thread were large and small gauze, waist bands, leg bands to tie trouser bottoms around the ankles, and bags of various sizes. The latter were generally woven from three or four ply thread.

2: Gamble S-5 (1926-1933) 1954 .. AF12 North China AF12

286 291 Some of the old weavers said that the weaving of the waist bands began in the 6th year of Chia Ch'ing, 1801, when the floods of the T'ang river drove many families from their homes and they had to find some way to keep from starving. Tradition says that at that time someone made a narrow loom like the ordinary cloth loom and began the weaving of the waist bands, which were 4.5 feet long and one inch wide, and the leg bands, which were 3.5 feet long and 2 inches wide.

The waist and leg bands were still woven only on the banks of the T'ang. All of the leg band weavers lived in the 6th District and 90 per cent of the waist band weavers. The other 10 per cent lived across the river in the 5th District.

286 439 Waist band weaving was an especially prosperous occupation during the early years of the Republic for there was a large market for them in the northwest areas. Poor economic conditions in the northwest had later cut the export of waist bands by some 50 per cent. In 1931 some 70 or 80 per cent of the output was exported to other parts of China. The price of a waist band loom was only $2.50 or $3.00.

Some 90 per cent of the gauze was shipped to the northwest, where it was used for funeral clothes. The other 10 per cent was used in Ting Hsien in making bean curd.

The field reports noted that the heavy cloth woven from three or four ply thread could not be made in the weaving cellars as the dampness wrinkled the cloth.

Cotton Cloth Exports

286 439 435 Records of the cloth stores, figures from the shipping records of the railroads, and the reports of men who had been in the cloth business for many years made it possible to work out a history of the market prices of the chuang (export) cloth, the maximum prices set by the cloth gild, and the number of pieces exported from Ting Hsien to other parts of China during the 40 years from 1892 through 1931. The export and production figures were apparently identical as the cloth, woven in a special size, 36′ x 1′2″, was made exclusively for export to other parts of China and was handled through the cloth markets.

In 1892 the price of the chuang cloth was 700 cash per piece. It was the same for the next 10 years. In 16 years there was only one increase. That was 50 cash, 7 per cent. In the next 12 years, 1908–1919, there were six increases. The amounts were first 50 cash, then 100, then 150,

2: Gamble S-5 (1926-1933)1954 AF12 North China AF12

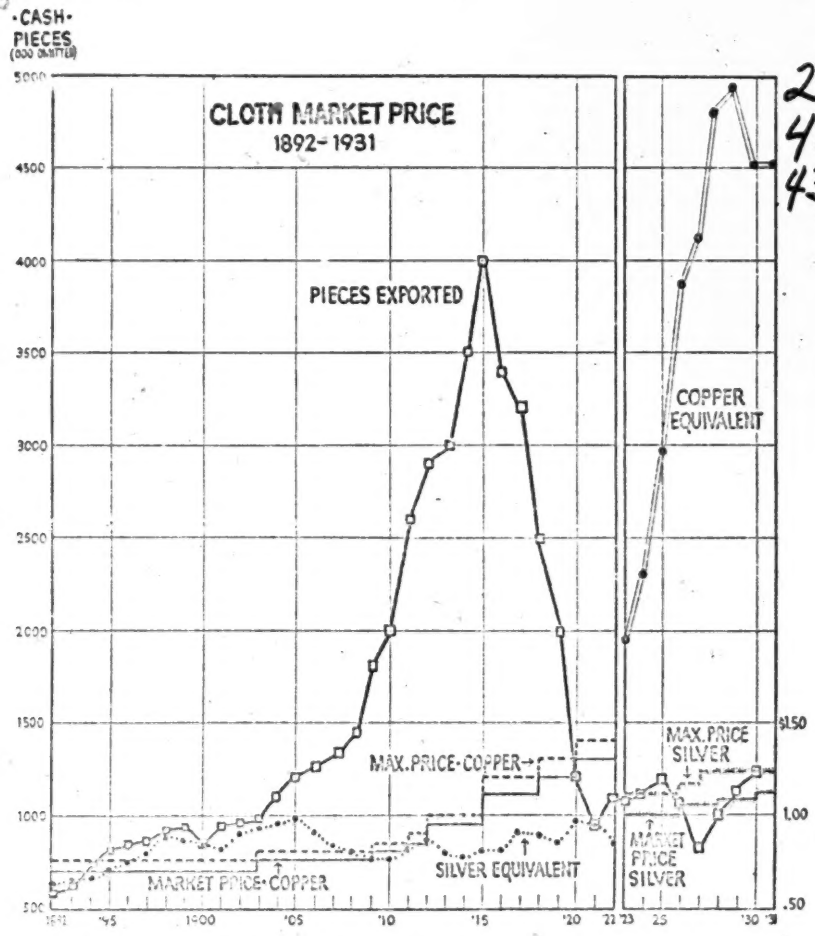

FIGURE 25. COTTON CLOTH, COPPER AND SILVER PRICES, EXPORTS

and finally 200 cash per piece. The seven increases totaled 700 cash. The copper price doubled in 28 years (see Figure 25).

The silver equivalent of the copper price of the cloth was 62 cents per piece in 1892. The decline in the silver-copper exchange rate,[2] plus the 1903 increase in the copper price, raised the silver equivalent to 99

2. See Chapter XIII.

2: Gamble S-5 (1926-1933) 1954 AF12 North China AF12

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cents per piece in 1905. From 1905 through 1922 it varied between 76 and 96 cents per piece. In 1922 it was 83 cents per piece. In 30 years, while the copper price had doubled, the equivalent silver price increased only one-third.

Beginning in 1923 the price of chuang cloth was quoted in terms of silver rather than copper, because of the rapid depreciation of the copper coins. The 1923 price was $1.00 per piece. In 1930 and 1931 it was $1.20. The difference of 20 cents was the total of three increases of five and 10 cents each.

In 40 years the silver price increased 94 per cent. The copper equivalent of the 1931 silver price was seven times the copper price of 1892.

The records show that the cloth gild, at its annual meeting, regularly set a maximum price for chuang cloth above which the market price was not allowed to go. Theoretically the market price could fluctuate with the condition of the market, providing it did not go above the ceiling price set by the gild. Actually the records did not show any fluctuation. From 1892 to 1927 the market price and the ceiling price changed at the same time and by the same amount, except in 1915, when the maximum price was set 100 rather than 50 cash above the market price. When the price was changed from copper to silver the ceiling price was set at $1.20 with the market price $1.00 per piece. In 1930 and 1931 the ceiling price was $1.42, the market price $1.20.

The copper ceiling price was from 5 to 9 per cent more than the reported market price. After 1922 the silver ceiling price was from 18 to 29 per cent above the market price.

While theoretically the ceiling price was the only one controlled it would appear, from the records, that actually the market price was controlled as well. The gild control of the market price is still more evident when the amount of cloth sold and exported from Ting Hsien is related to the quoted prices. The records showed that except for 1900 the number of pieces handled increased every year from 1892 to 1915, from 600,000 to 4,000,000 pieces. Six years later only 950,000 pieces were exported, a decrease of more than 75 per cent. From 1921 to 1930 the number was usually just over one million pieces. While the number of pieces exported more than doubled from 1903 to 1910, the copper price went up only 6.5 per cent, from 750 to 800 cash, and the silver equivalent went down 18.2 per cent, from 93 to 76 cents per piece. From 1910 to 1915 the number of pieces doubled again, from two to four million.

2: Gamble S-5 (1926-1933)1954 AF12 North China AF12

The copper price went up 37 per cent, from 800 to 1,100 cash per piece, but the silver equivalent rose only 5 per cent, from 76 to 80 cents.

During the six years from 1915 to 1921, the number of pieces sold went down 76.3 per cent, but during that time there were two increases in the copper price for a total of 300 cash, 27 per cent. The silver equivalent was nine cents, 11 per cent, higher in 1921 than it was in 1915. One wonders how it was that a community would see a 75 per cent decrease in demand and a sales loss of over $2,300,000 without attempting to save some of it by reducing rather than increasing prices. Even if it was spare time work the loss of the income from over a million and a half days of work could not help but be serious for any community.

Some of the loss undoubtedly was salvaged by shifting the looms to the weaving of other kinds of cloth. However, it does not seem probable that the local market could absorb any large additional amount. Unfortunately we were not able to get from the gild leaders their explanation of how it was that the price could go up in the face of a rapid decline in demand, or their estimate of the success of the weavers in shifting to other types of cloth when a large part of the market for chuang cloth disappeared. The price and output figures seem to indicate that the price of chuang cloth was very closely controlled by the cloth gild, a control made possible by the complete monopoly of the export market.

One wonders what were the influences that, after there had been a steadily increasing demand for almost a quarter century, cut the demand for chuang cloth by 50 per cent in four years and by more than 75 per cent in six years. Competition from Japanese cloth or from machine woven cloth from Tientsin might be a possible explanation, but in view of rapidly rising world prices and demand due to World War I, it hardly seems to be a probable one. We do not know of changed conditions in North China that would explain it. The floods of 1917 and the drought of 1920–21 do not seem to have been large factors. Poor economic conditions in the northwest provinces were given by one of our reports as the reason for the decline about that time of the market for waist bands.

The chuang cloth was shipped from six centers. Chuan Lu and Ch'ing Feng Tien, the two market towns in the 6th District, handled over 73 per cent of the shipments. Twenty-three per cent went from the hsien city. The business was handled by 45 cloth stores in the six centers. One had a history of 150 years. Twenty-five were less than 10

2:Gamble S-5 (1926-1933) 1954 AF12 North China AF12

439 286 years old. The 45 stores had 350 employees, of whom 57 were apprentices. The apprentices were being trained by 33 stores. Three of the larger ones had three apprentices each. The capital of the stores ranged from $600 to some $12,000 with the average just under $4,000.

286 443 It was said that the cloth market in the city, where the city cloth stores regularly did their buying, was first opened in the 31st year of Ch'ien Lung, 1766. During the winter months, the busy season for the cloth weavers and merchants, the market was generally open from nine to 12 hours on market days. The usual amount of cloth handled was about 1,500 pieces. The smallest amount in 1931 was between 600 and 700 pieces, the largest about 4,000. The largest day's business in the previous 10 years was 17,000 pieces.

286 438 During the 10 years 1921–1930 over 10,600,000 pieces of chuang cloth worth over $11,000,000 were shipped from Ting Hsien. Over 70 per cent went to Chahar, with most of the remainder going to Shansi and Suiyuan. Less than one per cent was sent to Hopei.

The cloth going to Chahar and Shansi was shipped in 50 piece bundles except for Ta T'ung. There a bale was 45 pieces. For Suiyuan the cloth was packed in 40 piece bundles except for Hsing He, which used the 50 piece bale.

There was a tax of $1.20 per bale on all shipments except those for Suiyuan. For them the rate was $1.80 per bale. Railroad freight varied from $1.50 to $2.60 per package, the shipping commission from 50 to 90 cents. The total shipping charges amounted to from six to 10 cents per piece for the Chahar and Shansi shipments and from 14 to 16 cents per piece for those sent to Suiyuan.

Some locally grown wool was made into rugs. Rugs were also made from cow hair that had been ground with a stone to remove the lime with which it had been treated, teased with a bow, and spun on the ordinary spinning wheel. The cow hair rugs were being supplanted by factory woven rugs.

Food Industries

438 258 Bean curd making was a hsien wide activity reported by 249 villages, carried on by 735 families and 1,570 persons. It was a year round activity except for the hottest summer months. The curd was made from green or yellow beans, cotton seed oil, carbon (ashes), and brine. The beans were ground into small pieces, put to soak for five or six hours, then

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TABLE 109. EXPORT CLOTH: RETAIL PRICE, MAXIMUM GILD PRICE, AND EXPORTS, 1892–1931

Year	Average Price[1]		Maximum Price		Pieces Exported
	Copper	Silver	Copper	Silver	(000)
1892	700	$0.62	750	$0.66	600
1893		.66		.70	650
1894		.68		.73	740
1895		.71		.76	820
1896		.75		.81	880
1897		.79		.85	840
1898		.89		.96	920
1899		.88		.95	940
1900		.86		.92	850
1901		.83		.89	890
1902		.90		.97	950
1903	750	.93	800	.99	980
1904		.95		1.01	1,100
1905		.99		1.06	1,200
1906		.91		.97	1,250
1907		.84		.90	1,350
1908		.80		.85	1,450
1909	800	.76	850	.81	1,800
1910		.76		.81	2,000
1911	850	.82	900	.87	2,600
1912	950	.86	1,000	.91	2,900
1913		.79		.83	3,000
1914		.77		.81	3,500
1915	1,100	.80	1,200	.87	4,000
1916		.80		.87	3,400
1917		.91		.99	3,200
1918	1,200	.87	1,300	.94	2,500
1919		.85		.92	2,000
1920	1,400	.96	1,500	1.02	1,200
1921		.89		.95	950
1922		.83		.88	1,096
1923	1,974	1.00		1.20	1,080
1924	2,317	1.00		1.20	1,100
1925	2,896	1.00		1.20	1,172
1926	3,895	1.10		1.30	1,055
1927	4,125	1.10		1.42	810
1928	4,827	1.15		1.42	1,004
1929	4,959	1.15		1.42	1,121
1930	4,908	1.20		1.42	1,220
1931	4,908	1.20		1.42	–
					59,062

[1] Market prices were quoted in copper from 1892 through 1922, in silver thereafter.

[p. 326]

2: Gamble S-5 (1926-1933)1954 AF12 North China AF12

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TABLE 110. COTTON CLOTH EXPORTS

Exports from Cloth Markets, 1921–1930

	Pieces	*Value*	*Per Cent*
Chuan Lu	4,188,000	$4,439,700	40.1
Ch'ing Feng Tien	3,535,000	3,666,000	33.1
City	2,492,900	2,550,300	23.1
Ta Hsing Chuang	278,000	284,700	2.6
Ta Hsi Chang	67,600	73,400	0.7
Hsiao Tsai T'un	41,000	47,800	0.4
	10,602,500	$11,061,900	100.0

Destination of Exports, 1921–1930

	Pieces	*Value*	*Per Cent*
Chahar	7,459,600	$7,782,400	70.4
Shansi	1,826,100	1,894,700	17.1
Suiyuan	1,280,500	1,344,400	12.1
Hopei	36,300	40,400	0.4
	10,602,500	$11,061,900	100.0

4: Burgess E-4, 5 (1926-1927) 1928 AF12 North China AF12

671 (3) The reorganization of certain technical services of the government. There are 138 modern courts in China. These were praised highly by the Extraterritorial Commission. An excellent codification of Chinese laws is being drawn up by trained Chinese lawyers.

205 206 (4) A remarkable development of the postal and telegraph systems. "In 1911 the length of mail routes was about 120,000 miles. Now they cover more than 250,000 miles. The money-order business during this period has increased from about $6,000,000 in silver to more than $75,000,000. It is pointed out that this remarkable branch of government service is carried on almost exclusively by Chinese. Likewise, the telegraph service is now so organized that messages are received in many of the remotest parts of the Republic.

496 (5) There are 7,000 miles of railroads, and they are managed on the business side and on the technical side almost entirely by Chinese.

491 (6) Ten years ago there were scarcely any highways in China that could be used by motor cars. Now there are 10,000 miles of good roads.

625 (7) The growing efficiency of the police and street cleaning departments of many Chinese cities is a sign of progress.

744 (8) In Peking a beginning has been made in governmental public health activities. There is an epidemic prevention bureau which is embarking on the production of vaccines and serums, and an experimental public health demonstration center for one district of the capital.

654 (9) The remarkably efficient geological survey conducted by V. K. Ting is now shedding more light on the real mineral resources of China.

439 (10) The importations from foreign countries in 1880 amounted to about 80,000,000 taels ($111,111,111),[1] of

[1] The sign $ unless accompanied by the term "gold" is used in this study to designate Chinese currency. For exchange rates see pp. 63-64.

4: Burgess E-4, 5 (1926-1927) 1928 AF12 North China AF12

which one-half represented opium. This indicates, then, only a little more than 40,000,000 taels ($55,555,556) of general imports. In 1925 imports had increased to 950,000,000 taels ($1,319,444,444). Exports increased from 78,000,000 taels ($108,333,333) to 775,000,000 taels ($1,076,388,889).

In exports and in the coastwise trade you see a steadily ascending curve. The total trade coming under the administration of the customs, shows an increase of from about 1,200,000,000 *taels* ($3,058,000,000) in 1916 to about 2,200,000,000 *taels* ($1,668,000,000) in 1925. That represents activity of all sorts, mainly in farming and in manufacturing, a tremendous amount of new activity that is going on, and new relations with foreign countries. The trade of Shanghai is now about five times what it was twenty-five years ago.[1]

Five other movements should be mentioned in this list of the changes taking place in China. The Renaissance Movement, the Student Movement, the newer nationalism, the introduction of the factory system and the Labor Movement.

(11) The Renaissance Movement, developed in Peking under the leadership of a group of intellectuals who were for the most part returned students from Europe and America, emphasized a literary revolution which popularized the use of the spoken language on the printed page and a general educational movement designed "to remake civilization" by the introduction into China of "democracy and science." Largely through the influence of monthly and weekly periodicals, which have appeared in increasing numbers since 1919, and by means of lectures given both by native and by foreign scholars, a profound change has taken place in the thinking of the educated classes.[2]

[1] *Addresses on China*, p. 9.

[2] Gamble and Burgess, *op. cit.*, pp. 160-162.

4: Burgess E-4.5 (1926-1927) 1928 AF12 North China AF12

CHAPTER XIII

CONTEMPORARY TRENDS IN GUILD LIFE AND THE PROBABLE FUTURE OF THE GUILDS

*441 *467 INDICATIONS that Peking guilds are changing in many respects have been evident at many points in our study. We have found among these indications loss of religious worship, failure to enforce rules, the giving-up of the apprentice system, the inability of the guildsmen to punish offenders, their reluctance to report non-members who are operating in guild areas, the acknowledged growing lack of interest by members in many guilds and their failure to attend meetings to which formerly every one came.

In dealing with these changes and modifications the previous chapters have merely given a descriptive presentation of these transformations without attempting their interpretation. In order to understand more clearly these processes of guild transformation or disintegration, or even roughly to forecast the future of the Peking guilds, it is necessary for us to go beyond the restricted limits of our local area and study the changes taking place in similar guilds in localities less secluded from the impacts of Western culture where these changes have consequently been more marked and *441 thoroughgoing. The Peking guilds have been relatively *467 shielded from many of the significant currents of modern •439 China. The two principal reasons for this are: (a) the local 651 tax[1] on all goods imported into the city which has blocked the development of modern factories because of the high cost of imported machinery and of raw material and given a virtual protective tariff to Peking guild-made products,

[1] *Cf.* p. 46.

4: Burgess E-4.5 (1926-1927) 1928 AF12 North China AF12

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TABLE XIX—*Continued*

	Indicate increase in membership, business, etc.	Stationary	Indicate decline in membership, business, etc.
Professional			
Actors	x		
Barbers	x		
Blind			x
Cooks			x
*Story Tellers			
Waiters	x		
Kitchen Coolies	x		
Porters			x
	4	0	3
Total	16	5	18

*Gave no reply.

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651
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and (b) the fact that the activities of the Peoples Party in organizing labor have up to the present been largely confined to Southern and Central China.

A more extensive study of guild operation will also afford a perspective from which we may the easier detect the connection between the impact of the various forms of Western cultural inter-penetration [1] and the modifications and transformations in guild organization and life.

Before taking up this broader treatment, however, it will be of advantage to give the Peking guildsmen's own impressions as to the status of their organizations.

A. PEKING GUILDSMEN'S IMPRESSIONS OF THE STATUS OF THEIR OWN GUILDS

The representatives of eighteen guilds maintain that membership is dropping off and that business is growing

[1] *Cf.* pp. 36-43.

4: Burgess E-4.5 (1926-1927) 1928 AF12 North China AF12

*441 *467 (7) With the increasing use of foreign-style caps, straw hats and other Western headgear, the Hat Guild found diminishing sale for its products, the old-style Chinese skull-caps. This guild has consequently had no meetings for several years.

*441 *467 439 288 b. In some cases in which products formerly sold exclusively in China are now exported in large quantities, the home guild loses its power and disintegrates. We fortunately have a very careful analysis at hand of the break-up of the Peking Rug Guild.[1] Probably the main reason for the disappearance of this guild was the fact that when the foreign buyer wished to purchase rugs in large quantities the prospect of very large profits to individual rug merchants induced the latter to disregard guild regulations. Another circumstance which complicated the situation was that two large rug factories were organized by Westerners who were in close contact with the foreign market and who, naturally, had no interest in the native Chinese guild. The largest Chinese rug manufactory in the city was managed by foreign educated Chinese who, because of knowledge of English and personal connections, found it easy to deal directly with the buying agents of large American stores. This firm controlled the output of a large proportion of the small rug shops of the city. As foreign trade increased the former small shop system gave place to larger manufacturing units. Eleven of the 206 shops in Peking employed 1,035 of the total 1,768 journeymen in the entire industry.

In 1914 the rug industry had developed to such an extent that a number of the owners of shops felt the need of a protective organization. Chi Chang-yun, one of the oldest rug manufacturers in Peking, was instrumental in its formation. Of the immediate effect of this on the industry, the Government Bureau of Economic Information (Bulletin No. 12, Series,

[1] Chu and Blaisdell, *op. cit.*, pp. 16-18.

4: Burgess E-4, 5 (1926-1927) 1928 AF12 North China AF12

March 10, 1922) says; "The regulations that were drawn up stated a uniform price of $4.50 per square foot of 90 threads to the foot. This ruling was respected for more than a year, but gradually some manufacturers, out of self-interest, disregarded the provisions and reduced prices when opportunities for increased business presented themselves. . . . Out of 354 members only 40 have remained in the organization." Since that time the guild has further disorganized, and today operations are practically suspended.[1]

An analysis of the failure of this original Rug Guild shows the principal factors leading to its dissolution to be as follows:

(1) Self-interest on the part of the large rug factory owners.

(2) The establishment by the guild of a selling rate per foot which was far from what could be called a "competitive rate" and which could not be maintained without monopoly control impossible to establish.

(3) Lack of means of enforcing decisions. It set a certain standard for both prices and qualities of rugs, but the individual merchant frequently used a poor quality of wool. There was no way the guild could enforce its decisions except by expelling the member from the guild, and this was not effective because the organization was not strong enough to prevent him from starting up independently.

(4) The lack of any benefit to the skilled worker in connection with the guild. With the coming of the large factory units the old face-to-face relationship between employer and employee lost its former significance and the journeyman had no longer any important part in the common deliberations of the group. The four largest rug factories employed respectively 120, 145, 190 and 240 men where formerly groups included from 6 to 24 workers.

[1] Chu and Blaisdell, *op. cit.*, pp. 16-17.

4: Burgess E-4, 5 (1926-1927) 1928 AF12 North China AF12

*441 Further details of this disintegration follow:

*467 The meetings, formerly held every month, have been discon-
●439 tinued. Old apprenticeship rules hold and boys are still ex-
288 ploited, so that the phrase "three years and one festival," which is the length of their term, often results in an extension to four years by the addition of time penalties before completing apprenticeship. These apprenticeship rules no longer hold as guild rules, but as a personal contract between the guarantor of the apprentice and his employer. A few owners have broken away from these practices and now pay the apprentices small amounts.

As the industry now exists in Peking, neither the workers nor the employers have any type of protective or cooperative organization. Individualism is rampant. The exploitation of laborers, the working of small shop managers on a small margin, and free competition in the export field are likely to continue until there is some form of organization to exercise control.[1]

*441 c. Some guilds disappear when foreign factories estab-
*467 lished in China produce more efficiently and cheaply what was formerly made by the guild.

In reply to an inquiry sent to the Government Bureau of Economic Information in Peking regarding what happens to guilds when modern factories begin to produce by machinery what was formerly the product of the guild, we received from Mr. M. A. Gilbert the following information, in a letter dated February 21, 1928:

Nobody in Shanghai industries can give a definite answer to this question. According to those who have made studies in Shanghai labor, the disappearance of guilds seems to have begun 6 or 7 years ago. Many Shanghai factories came into existence long before that. So it is hardly correct to say that the factories caused their disappearance. The appearance of modern factories drove many workshops out of existence, and when these

[1] Chu and Blaisdell, pp. 17-18.